

**ALBUQUERQUE BERNALILLO COUNTY
WATER UTILITY AUTHORITY
BUDGET POLICIES AND PROCEDURES ORDINANCE**

Section 2. BUDGET POLICIES AND PROCEDURES

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2-1-1. INTENT.

(A) Laws 2003, Chapter 437, codified as NMSA 1978, Section 72-1-10 created the Albuquerque Bernalillo County Water Utility Authority ("Authority") and provides for the administration and operation of the Authority. As part of the administrative responsibilities of the Authority, it shall establish and adopt five-year goals and one-year objectives, which goals and objectives shall be reviewed and revised annually in advance of development of the budget by the Albuquerque Bernalillo County Water Utility Authority Board ("Board"). The Authority operating budget should be formulated by the Authority's Executive Director and be consistent with the goals and objectives as established and approved by the Board. In order to maintain uniformity, other legislation and policies of the Authority are to be consistent with these goals and objectives as well. The Executive Director shall propose the budget to the Board at the April regularly scheduled meeting each year with the Board to approve the budget as proposed or amend and approve it at or before the May regularly scheduled meeting.

(B) To adopt a goals and objectives process that encourages active citizen participation, that is linked to the budget process, that encourages performance measurement, and that is consistent with the desired conditions of the Authority's service area, the Authority shall coordinate its goal setting with the City of Albuquerque and Bernalillo County governments.

(C) The Board's adoption of goals and objectives, which will be valuable in themselves, will be major factors in determining funding for Authority programs and improvements in the operating budget and the capital improvements budget.

(D) This ordinance shall apply to all expenditures made by and approved by the Authority and shall supercede any existing policies governing the operating and capital budgets.

2-1-2. PREPARATION OF AUTHORITY BUDGET PROPOSAL.

(A) The Authority shall prepare a proposed operating and capital budget taking into consideration the needs of the Authority's operations, and the resources

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anticipated to be available to the Authority for the fiscal year for which the budget is prepared.

(B) The Executive Director shall propose an operating and capital budget to the Board at the April meeting of each year. This proposal shall include the budgets, capital program, and rate proposal which may propose changes in rates and fees.

2-1-3. BUDGET CONTENTS AND FORMAT.

(A) The Executive Director's budget proposal submitted to the Board shall include:

- (1) The Executive Director's budget message;
- (2) An annual appropriation resolution recommended by the Executive Director for operating and capital;
- (3) A complete statement of the non-capital project financial operation of the Authority for the fiscal year last completed;
- (4) A comparable statement for the current fiscal year including expenditures to date and anticipated expenditures to the end of that year;
- (5) A financial plan in comparable form for the fiscal year commencing on July 1 of the year in which the budget proposal is submitted. The Financial Plan for the ensuing fiscal year shall include:
 - (a) All proposed expenditures for the administration, operation and maintenance and capital projects of the Authority;
 - (b) All interest and debt redemption charges;
 - (c) All anticipated revenues and other available resources by source and amount;
 - (d) The proposed means of financing all proposed expenditures.
- (6) A performance plan for the fiscal year commencing on July 1 of the year in which the budget proposal is submitted. The performance plan shall be connected to the five-year goals and contain performance measures that help guide the operating and capital budgets in allocating the Authority's financial resources.

(B) The Authority budget shall be fund based.

(C) The budget proposal shall be balanced and not propose expenditures in excess of resources anticipated to be available to the Authority for the fiscal year for which the budget is proposed.

2-1-4. BUDGET PROPOSAL PRINTING AND INDEXING.

The budget proposal shall be printed and indexed prior to its submittal to the Board. Sufficient copies of the budget proposal shall be prepared to allow for distribution to members of the Board, the city and the county and other interested parties as may be deemed reasonable by the Executive Director.

2-1-5. CONSIDERATION OF BUDGET PROPOSAL BY THE BOARD.

(A) After receiving the budget proposal from the Executive Director the Board shall schedule at least two public hearings on it. As a result of its deliberations and the information gathered at the public hearings, the Board may amend the budget proposal at any time prior to the May regularly scheduled meeting.

(B) Definition. As used in this section AMEND includes complete revision or substitution.

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2-1-6. APPROVAL CONSTITUTES PROPOSAL AS BUDGET; EXPENDITURES MUST BE AUTHORIZED.

(A) The annual operating budget appropriation resolution, as approved, in addition to other approved appropriations for operating purposes shall constitute the Authority's operating budget for the ensuing fiscal year. The Authority shall not expend any enterprise funds unless the expenditure is authorized in the budget and is made or encumbered in the fiscal year covered by the budget.

(B) The annual capital appropriation resolution, as approved in addition to other approved appropriations for capital expenditures, shall constitute the Authority's capital budget. The Authority shall not expend any capital project funds unless the expenditure is authorized in the capital budget and is consistent with the two year capital program and ten year plan adopted by the Board.

(C) The amount encumbered but not expended at the end of the fiscal year is appropriated to the subsequent fiscal year without further action by the Board.

2-1-7. FISCAL YEAR.

The fiscal year of the Authority begins on July 1 of each calendar year and ends on June 30 of the following calendar year.

2-1-8. BUDGET AMENDMENTS BY BOARD DURING FISCAL YEAR.

Upon its own initiative or upon a recommendation by the Executive Director, the Board may amend the operating and/or capital budget during the fiscal year to which it applies. No amendment to the operating budget shall result in total authorized expenditures that exceed resources to be available for the fiscal year to which the budget is applicable.

2-1-9. TRANSFER OF FUNDS AND EXPENDITURE AUTHORITY WITHIN BUDGET.

(A) (1) During the fiscal year, the Executive Director is authorized to transfer funds or change expenditure authority within and among line-item authority, as established by the annual appropriation resolution and other approved appropriations for operating purposes, if the transfer or change does not result in the increase or decrease in that line-item expenditure authority in excess of the cumulative amount of \$100,000 or 5% of the line-item authority, whichever is lower.

(2) LINE-ITEM AUTHORITY refers to the line in the budget appropriation resolution approved by the Board. The lines of the budget appropriation resolution shall include the title and cost of each program of the Authority's operating budget. The transfer of funds or change in expenditure authority "among" line-item authority refers to such transfers or changes between lines in the budget appropriation resolution which contain dollar amounts. The transfer of funds or change in expenditure authority "within" line-item authority shall be defined as transfers or changes between budget activities within. A decrease in line-item expenditure authority means preventing resources appropriated by the Board to a budget program or allocated to an activity as specified above from being spent. RESERVED APPROPRIATIONS, and other similar techniques, are reductions in expenditure authority.

(3) No actions are authorized which would result in exceeding the total expenditures authorized in the operating budget for the Authority as a whole. Actions taken by the Executive Director under Section 2-1-9 (A) shall be reported in detail to the Board at its next regularly scheduled meeting.

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(B) The transfer of funds or changes in expenditure authority in the operation budget, other than those authorized by Section 2-1-9 (A) of this section, may be made only by amendment of the budget by the Board under §2-1-8. No new program not already authorized in the budget shall be implemented by actions authorized under 2-1-9 (A) of this section, nor shall any existing program authorized in the budget be terminated by such actions.

(C) The Executive Director shall provide a written report on all reorganization plans with an annual budgetary impact in excess of a cumulative amount of \$100,000 or 5% of the line-item authority, whichever is lower. The report shall provide justification for the reorganization which contains its rationale, financial and service benefits, the method for determining these benefits, a work plan for the newly reorganized unit, and an organization chart of the affected department or departments showing the results of the proposed reorganization. The Executive Director also shall specify the affected positions and appropriations. Such report shall be provided prior to any necessary approval by the Board.

(D) The Executive Director may transfer funding of up to 10% of an existing capital project within adopted projects as approved by the Board provided that the change does not significantly alter the project's scope. Any change which exceeds this amount shall require Board approval.

**2-1-10. APPLICATION FOR FEDERAL AND STATE GRANTS; BUDGETING
FEDERAL AND STATE FUNDS.**

(A) Any application or proposal for a federal or state grant shall be submitted to the Board for review and approval.

(1) If any application or proposal is required by the federal or state agency prior to the next regular meeting of the Board, the application may be submitted prior to approval by the Board and subject to subsequent approval. The application shall be submitted to the Board for approval at its next regular meeting. If the application or proposal should be disapproved by the Board, it shall be withdrawn.

(B) The Executive Director is authorized to expend, without further authorization from the Board, any federal or state funds awarded as a result of a federal or state grant application if such grant does not require the Authority's commitment of funds or resources which were approved by the Board to be increased by more than 10%, and if the goals, objectives and proposed programs included in the application approved by the Board have not changed. If such changes occur, and the Executive Director desires to accept the grant, the grant application shall be resubmitted to the Board.

(C) The Executive Director, upon receiving notification that the Authority has been awarded a federal or state grant, shall report the details of the grant award to the Board quarterly.

2-1-11. FINANCIAL AND MANAGEMENT REPORTS.

(A) The Executive Director shall submit on a quarterly basis summary financial and management status reports of all operating funds to the Board. These reports shall include:

- (1) Current annual revenue estimates for each fund;
- (2) Brief analysis explaining revenue trends for each fund;

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(3) A midyear programmatic review of each program and department and the progress made year-to-date in achieving its goals and objectives.

(B) Reports shall be received by the Board on a timely basis according to the following schedule:

(1) The preliminary year-end report shall be received for introduction at the October Board meeting;

(2) The report of the first quarter of the fiscal year shall be received for introduction at the November Board meeting;

(3) The final year-end report shall be received for introduction at the December Board meeting;

(4) The midyear report shall be received for introduction at the Board meeting in February. The midyear report shall be accompanied by a midyear appropriation resolution for those programs which are projected to be overspent and which the Executive Director determines that expenditure controls cannot bring the programs within the limits of administration expenditure authority, \$100,000 or 5% of the line-item authority, whichever is lower. Mid-year appropriation adjustments shall be proposed only when caused by unexpected circumstances such as a natural disaster, unforeseen shifts in the national economy, and other events that constitute an emergency. Except as otherwise provided, the Executive Director and Board shall confine budget adjustments to the midyear resolution. The midyear report and midyear appropriation resolution shall be reviewed by the Board at a minimum of one public hearing.

2-1-12. BUDGET MODIFICATIONS IN FISCAL YEAR OUTSIDE ADOPTION OF ANNUAL BUDGET.

The Executive Director shall be responsible for identifying and proposing expenditure reductions or revenue enhancements to the operating budget of the Authority when it is determined, in the period between adoption of the annual operating budget [i.e., the fiscal year], that Authority revenues are not expected to equal Authority expenditures.